

(Impression différente)

Principles upon which the Statement of Affairs of June 30, 1867, is to be revised in preparation for the Arbitration between Ontario and Quebec.

(1.) Where items appear upon both sides of the statement of affairs, which are clearly only parts of the same account, in which the same party alone is interested, the balance only is to be counted as an asset or liability, as the case may be.

(2.) Of the Debentures issued for the Aylmer Court House, \$19,674.97, and the whole \$3,953.00 issued for the Court House Kamouraska, are only guaranteed by the Province of Canada to the extent, that the local tax collected shall be applied, as far as it goes, in the payment of interest and redemption of the principal. These, with the corresponding accounts on the other side, are to be struck out of the Statement of Affairs, the responsibility of collecting the tax and applying it being transferred to Quebec, with the proviso, that if at any time hereafter the government of Quebec shall not collect this tax or apply it according to law, and the Dominion is called upon to make good the guarantee of the late Province, any sum so paid by the Dominion, shall be deducted from the next payment of subsidy to Quebec.

(3.) Debentures to the extent of \$183,000.00 were issued, under an Ordinance of Lower Canada, for the Montreal Turnpike Trust, which were guaranteed, principal and interest, by the Province, but the Trust has always paid its interest punctually to the holders. These, with the corresponding account on the other side, are to be struck out of the Statement of Affairs, but with the proviso, that, if at any time hereafter the Dominion is called upon to make any payment under the guarantee of the late Province, a similar sum shall be deducted from the payment of the subsidies of Ontario and Quebec, in such manner and in such proportions as the Arbitrators may award.

(4.) Similar Debentures to the extent of \$481,426.67, the interest upon which is regularly paid, were issued by the Montreal Harbour Commissioners, and they are to be treated in the same way as the above.

(5.) The investments for Trust Funds are to be deducted from the capital of the Funds which are invested in them, and the unpaid interest, which has been allowed to the Funds and charged against the Quebec Turpike Trust and the City of Hamilton on these investments, are to be similarly deducted from the corresponding Income Funds, the investments themselves with the coupons being handed over to the Provinces interested in the Funds; but, as Ontario and Quebec have a joint interest in the Common School Fund, the investments for that Fund and the accrued interest thereon must be handed over to Ontario and Quebec conjointly, to be dealt with by the Arbitrators.

(6.) The following liabilities of the late Province, in which Ontario and Quebec are interested will be paid in Cash to the proper parties as they may be called for, viz :

Court Houses, L. C.
 Montreal District Council.
 Municipalities Fund, U. C.
 U. C. Grammar School Income Fund.
 U. C. Improvement Fund.
 Compensation to Seigneurs, (the arrears).
 Township Indemnity, do.

(7.) Upon the following liabilities the Dominion will pay 5 per cent semi-annually, viz :

Common School Fund.
 U. C. Grammar School Fund.
 Superior Education Fund, L. C., including the Superannuated Teachers Fund and the Normal School Building Fund.
 U. C. Building Fund.



Bibliothèque,
 Le Séminaire de Québec
 2 me de l'Université,
 Québec, Q. C.

Res. A-8

- (8.) Upon the following liabilities the Dominion will pay 6 per cent semi-annually until further legislation :

Compensation to Seigneurs, (the capital).
Indemnity to Townships, do.

- (9.) The following Trust Funds will be retained in the hands of the Dominion, paying all legitimate charges and allowing 5 per cent on the balances, until all charges which may by law be payable out of them have fallen in, when the accumulated capital of the Funds will be paid in cash to the Municipalities Funds, U. C. and L. C., viz :

Uncommuted stipends and Widows Pensions, U. C.
Do. do. L. C.

- (10.) The account "Crown Lands Suspense Account" is to be struck out of the the Dominion Ledger, each Province being responsible for satisfying any claims against each, either in money or in land, the Arbitrators deciding how the responsibility is to be apportioned. If Ontario or Quebec shall fail to satisfy any just claimant, either in money or land, the Dominion will pay the claimant and charge it against the next payment of subsidy to the defaulting Province.

- (11.) The Sinking Funds of the Imperial Guaranteed Loan, and the Consolidated Canadian Loan will be deducted from the gross liabilities, at their par value.

- (12.) Of the securities held in the Consolidated Fund Investment Account, the following pay their interest regularly, and are to be deducted from the gross debt at their par value, viz :

Montreal Harbour.....	\$211,266.68
Montreal Turnpike Trust.....	67,200.00
Town of Cobourg.....	44,795.24
City of Toronto.....	18,883.00
	\$342,147.92

The following are railway securities and will be treated like other Railway Debts, the decision in respect to which is at present reserved, viz :

Grand Trunk Railway Bonds.....	\$243,406.33
Northern Railway, ".....	243,333.33
	\$486,739.66

The following are doubtful and will be treated in the same way as the debt of the Bank of Upper Canada, which is at present reserved, viz :

City of Hamilton Coupons.....	\$22,248.89
Quebec Turnpike Trust Bond.....	20,000.00
M'Gill College Mortgage.....	47,990.00
Lord Selkirk and Boulton Mortgage.....	13,900.00
Boulton, do.	9,828.00
Markland, do.	5,882.25
The Bank of U. C. Stock.....	750.00
	\$120,599.14

The remaining item \$48,180.00, represents an amount advanced to the Bank of U. C. upon the security £11,000 stg. of Canadian 5 per cent bonds. The Bank having failed to redeem them in the time specified, these bonds are the property of the Dominion, and may be deducted from the gross debt at their par value of \$53,533.33.

- (13.) The cash and available banking accounts will be deducted from the gross debt at par value, except the following :

Cash Suspense Account, composed of silver and other unbankable funds, will be deducted at a value to be placed upon it by the Treasury Board.

Crown Lands Department will be struck out of the Statement of Affairs of the Dominion, and Ontario and Quebec will be responsible for the liabilities, and collect the debts due to the late Crown Lands Department, subject to such arrangements as may be made by the Arbitrators.

The statement of affairs of the late Province of Canada, June 30, 1867, as revised and analysed in accordance with the foregoing rules will stand as follows :

*STATEMENT of affairs of the late Province of Canada June 30 1867, as
revised and analysed in accordance with the accompanying report.*

LIABILITIES.

Direct debt.....			\$62,734,797.63
Indirect debt.....		\$848,456.64	
Less Montreal Turnpike Trust.....	\$188,000.00		
Montreal Harbour.....	481,426.67		
Court Houses, Aylmer and Kamouraska.....	28,629.97	698,056.64	150,400.00
Copyright duty.....		175.06	
Public Work, special account.....		12,711.95	
Indian Fund.....		1,810,110.61	
Miscellaneous liabilities.....			1,822,997.62
Court Houses, L. C.....		4,061.20	
Montreal District Council.....		3,912.05	
Municipalities Fund, U. C.....		302,553.66	
U. C. Grammar School Income Fund.....	\$36,167.65		
Less City of Hamilton (part) unpaid interest.....	18,000.00	18,167.65	
U. C. Improvement Fund.....		5,180.04	
Compensation to Seigneurs, (arrears).....		72.25	
Township Indemnity, do (Interest).....		130,347.39	
Liabilities in which Ontario and Quebec are interested, payable in Cash.....			464,204.24
Common School Fund.....	\$1,733,224.47		
Less investments:			
Quebec Turnpike Trust.....	58,000.00		
Arrears of interest.....	29,580.00	87,580.00	1,645,644.47
U. C. Grammar School Fund.....		362,769.04	
Less investments.....		50,000.00	312,769.04
U. C. Building Fund.....		1,578,808.96	
Less Debenture account.....	36,800.00		
Investments.....	30,000.00		
City of Hamilton, (part)			
unpaid interest.....	10,800.00	77,600.00	1,501,208.96
L. C. Superior Education Fund.....		377,251.53	
Superannuated Teachers Fund.....		2,700.88	
Normal School Building Fund.....		61,761.84	
		441,714.25	
Less Superior Education Income Fund.....	230,681.46		
Investments.....	29,400.00		
City of Hamilton, (part)			
arrears of interest.....	3,600.00		
Education, Legislative Grant.....	28,494.73		
Do Advance Account.....	290.10	292,466.29	149,247.96
Liabilities in which O. & Q. are interested, on which 5 per cent. interest will be paid..			3,608,870.43
Compensation to Seigneurs, (capital).....		3,113,100.02	
Township Indemnity do.....		756,710.00	
Liabilities in which O. & Q. are interested, on which 6 per cent. interest will be paid..			3,869,810.02
Widows pensions, &c., U. C.....		50,143.84	
L. C.....		4,126.31	
Liabilities which will be retained at present, and afterwards paid in Cash.....			54,270.15
Banking Accounts.....		3,209,163.85	
Less Crown Lands Suspense Account.....		112,748.63	3,096,415.22
Consolidated Fund.....		7,232,730.60	
Add Crown Lands Suspense Account.....		112,748.63	
Difference on par value of Canadian bonds taken from			
Bank of U. C.....		5,353.33	
		7,350,832.56	
Less Seigniorial Act of 1859.....	5,193,820.78		
Consol. Fund Suspense Account.....	24,873.69		
Crown Lands Department.....	253,089.76		
Trust Fund Advance Account.....	1,468.60	5,473,252.83	1,877,579.73
Total Liabilities.....			\$77,679,435.04
Less Consolidated Fund.....			1,877,579.73
Gross Debt.....			\$75,801,855.31
Sinking Funds.....		1,888,555.58	
Consolidated Fund investments.....		395,681.25	
Banking Accounts.....		1,461,251.96	3,745,488.79
Net Debt.....			72,056,366.52
Allowed by Union Act.....			62,500,000.00
Excess of debt as on June 30, 1867, irrespective of arrears since that date and the capitalization of Pensions and Indian Annuities.....			9,556,366.52

A S S E T S.

Sinking Funds.....			\$1,888,555.58
Public Works.....	\$27,605,989.53		
Purchase of Tug Steamers.....	115,810.00		27,721,799.53
Grand Trunk Rail Road.....		15,142,633.34	
Great Western Rail Road.....	\$2,816,500.00		
Less Sinking Fund.....	67,828.66	2,742,671.34	
Northern Rail Road.....		2,311,666.67	
Railways Capital.....			20,196,971.35
Grand Trunk Rail Road.....		10,457,458.01	
Great Western Rail Road.....	1,130,747.50		
Less Account Current.....	886.47	1,129,861.03	
Northern Rail Road.....		1,433,769.23	
Railways, arrears of interest.....			13,021,079.27
Grand Trunk Bonds in Consolidated Fund investment account.....		243,406.33	
Northern " ".....		243,333.33	
Grand Trunk Special account.....		7,302.18	
Northern " ".....		30,976.70	
Miscellaneous Railway Debts.....			525,018.54
Montreal Harbor Commission.....		12,950.00	
Do.....		7,000.00	
Catarqui property.....		6,579.20	
Miscellaneous Assets.....			26,529.20
Law Society, U. C., Debenture account.....		16,000.00	
" " Account current.....		140,015.61	
Montreal Court House Debenture account.....		95,600.00	
" " Account current.....		18,996.21	
Aylmer Court House Debenture account.....		2,000.00	
" " Account current.....		1,239.70	
Kamouraska Court House, Account current.....		201.27	
Agricultural Societies, U. C.....		4,000.00	
Quebec Fire Loan (arrears).....		264,254.65	
Banking and Jury Fund, L. C.....		116,475.51	
Municipalities Fund, L. C.....		484,244.33	
Municipal Loan Fund, U. C.....	7,300,000.00		
Less Sinking Fund.....	429,548.63	6,870,451.37	
Municipal Loan Fund, L. C.....	2,428,140.00		
Less Sinking Fund.....	271,339.33	2,156,800.67	
Municipal Loan Fund, U. C., interest..	3,517,018.32		
Less Seigniorial Indemnity.....	3,304,249.55	212,768.77	
Municipal Loan Fund, L. C., interest.....		782,735.34	
Assets, the Property of Ontario and Quebec.....			11,165,783.43
Indemnity to Revenue Inspectors, U. C.....		2,426.41	
Registration Service, L. C.....		2,524.38	
Assets not in Schedule, but of the same character as those transferred to O. & Q.....			4,950.79
Ontario and Quebec Suspend account.....			1,214.99
Bank of Upper Canada.....			1,150,000.01
Investments of Consolidated Fund to be treated like B. U. C.....			120,599.14
" " to be deducted from debt.....			395,681.25
Banking accounts.....		1,714,341.72	
Less Crown Lands Department.....		253,089.76	1,461,251.96
			\$77,679,435.04

Principles upon which all Transactions since June 30, 1867, will be introduced into the Statement of Affairs of the late Province:

(1.) Whenever a service has been performed or a debt incurred before June 30th 1867, which when paid would be charged against Consolidated Fund, or any open account in the ledger in which Ontario and Quebec are not specially interested, if the payment was made after that date, it is to be charged against the late Province, whether it is mere current expenditure, or whether it leaves a valuable asset behind, as stores or public works. And receipts due before June 30th, under similar circumstances, are to be credited to the late Province.

(2.) Balances of appropriations chargeable against Consolidated Fund, which remained unexpended June 30th, are to be treated as liabilities of the late Province only in those cases, where there was a definite grant, a balance of which was left in the hands of the Province, and not when they were only meant to cover current expenditure, which might or might not be required. The balances of appropriations, June 30th, which come under this definition, are the following, and are payable in cash, viz:

Common School Grant, U. C.....	\$126,999.87
Do. L. C.....	58,000.00
Colonization Roads, U. C.....	65,939.00
Do. L. C.....	5,692.11
Agricultural Association, L. C.....	4,000.00
Agricultural Instruction, U. C.....	100.00
Do. L. C.....	27.00
University Lying-in Hospital, Montreal.....	480.00
St. Hyacinth Hospital.....	320.00
Indigent sick, Quebec.....	8.15
Pensions.....	280.00

\$261,846.13

(3.) Interest on Public Debt, and Commission and Charges thereon, due July 1st, are to be charged against the late Province, and interest and charges thereon falling due after July 1st, are to be charged against the Province and the Dominion, in proportion as the period in respect of which they accrued was before or after July 1st.

(4.) The late Province is to be credited with the discount, at which investments were purchased for the Sinking Fund after June 30th, to the extent to which those investments were required to be made up to that date; and the Province is to be charged with the discount at which investments might have been purchased, if the £50,000 Sterling remitted after June 30th had been remitted in cash instead of bonds.

(5.) The Province is to be credited with the premium at which the balance of the investments of the Imperial Guaranteed Loan Sinking Fund will be disposed of in December next.

(6.) The Province is to be charged with one half of the salaries of the Prison Inspectors in 1867-8, and with such a proportion of their expenses as they may certify were incurred in inspecting institutions under the control of Ontario and Quebec.

(7.) All arrears still due by collectors and public accountants, or by any other persons, in respect of services which are now under the control of the Local Governments, shall be handed over to Ontario and Quebec conjointly to be dealt with by the arbitrators, and shall not be taken into account in the settlement between the Dominion and the late Province. All arrears due by collectors and other accountants, in respect of services under the control of the Dominion, shall be assumed by the Dominion and credited to the late Province at their full value, if the accountants were still in the service of the Dominion July 1st, 1867; but if they had ceased to be in the service at that date, such arrears shall be valued by the Treasury Board, and shall be credited to the late Province at such valuation.

(8.) All pensions, which on July 1st, 1867, were payable to any person under laws of the late Province, and all pensions not guaranteed by law, but which had continued to be paid annually by votes in the Estimates, are to be valued by capitalizing them according to the age of the pensioners, by the English Government Annuity Tables at 5 per cent., and such capital is to be added to the liabilities of the late Province.

(9.) Additional pensions voted during the late Session in consequence of casualties arising from the Fenian raids, having been granted in order to carry out an address of the Legislative Assembly of the late Province, are to be similarly capitalized and added to the liabilities.

(10.) Gratuities and compensation voted during the late Session in consequence of the Fenian raids shall be charged against the Province, and a statement will be furnished to the Arbitrators of temporary allowances voted for the same cause, and they are to award a definite sum to be added to the liabilities to cover any probable continuation of such temporary allowances in future years.

(11.) The gratuities to old servants paid by the Senate by resolution last Session are to be charged to the late Province.

(12.) The Indian annuities payable by the laws of the late Province, and the new Indian annuities U. C., which have heretofore been voted annually, are to be capitalized at 5 per cent, and added to the liabilities.

(13.) If a contract has been entered into before July 1st, all work or other service performed under such contract is to be considered a liability of the late Province; but if there has been no contract, but only such instructions as, without prejudice to any individual, might have been countermanded, whether the service be since July 1st under the control of the general or the local government, the work performed or service rendered under such instructions since June 30th is not to be considered as chargeable against the late Province.

(14.) When a receipt or payment, after 30th June, would be credited or charged to an open account in the Ledger, in which Ontario or Quebec is specially interested, it is clear that the same rule must apply whether the account be on the liability side or the asset side of the statement of affairs, or whether it be a payment or a receipt which has to be dealt with. All such accounts amongst the assets consist mainly of monies payable before 30th June, and if any sum were received by the Dominion after 30th June, and accounted for as modifying the amount of the debt, there does not appear to be any limit to the time when such a treatment of them would cease. But all these accounts are declared to be the property of Ontario and Quebec, and from 30th June, all cash is payable to them. For these reasons a separate account will be opened for all such funds, embracing the transactions which have come into the Dominion books since 30th June, and the amount of the joint debt will be ascertained from the accounts as they stood 30th June, and all subsequent payments or receipts will be charged or credited to the Province interested, after the Arbitrators have made their award; excepting only in the case of those accounts which by section (6) of the Principles in which the Statement of Affairs is to be revised are declared to be payable in Cash, and if those enumerated in section (9) which are to be retained for the present by the Dominion. It follows from this rule, that all appropriations of the late Province made chargeable against such accounts, must be paid by the Province interested, or if they have been paid by the Dominion, they will be charged as a cash transaction.

(15.) The account in the statement of affairs "Registration Fund L. C.," is strictly analogous in its character to other assets transferred to Ontario and Quebec, being the debt incurred by a Fund supported by a local tax. It did not exist in 1866, from the accounts of which the Schedule of Assets transferred was compiled, or it would have doubtless been included. It may now be transferred with them.

(16.) The item "compensation to Revenue Inspectors," is a very old account upon which only \$1.50 has been collected during the last five years; it is very much analogous to other accounts transferred, and it may be transferred now, though not included in the Schedule.

(17.) The lands in each Province were surrendered to them subject to existing Trusts, and the Dominion is bound to see that the Trusts are executed.—A very large sum, upwards of \$1,700,000, remains outstanding on sales of Common School Lands, situated in Ontario, but in which Quebec has a joint interest, and the apportionment of this asset must be left to the Arbitrators.